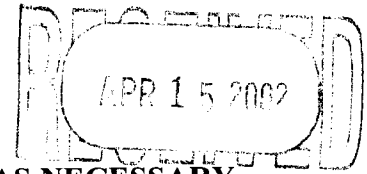


4/18/02 Assessment db updated cm

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

Director of Utilities

A

W-01445A
ARIZONA WATER COMPANY
P. O. BOX 29006
PHOENIX AZ 85038-9006

ANNUAL REPORT

FOR YEAR ENDING

12	31	2001
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FOR COMMISSION USE

ANN04	01
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Processed by:

4-18-02 cm

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Arizona Water Company</u>			
Mailing Address <u>P0 Box 29006</u>			
<u>Phoenix</u>	<u>AZ</u>	<u>85038-9006</u>	
(City)	(State)	(Zip)	
<u>(602) 240-6860</u>	<u>(602) 240-6878</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>Mail@azwater.com</u>			
Local Office Mailing Address <u>P0 Box 29006</u>			
<u>Phoenix</u>	<u>AZ</u>	<u>85038-9006</u>	
(City)	(State)	(Zip)	
<u>(602) 240-6860</u>	<u>(602) 240-6878</u>		
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>Mail@azwater.com</u>			

MANAGEMENT INFORMATION

Management Contact: <u>James R. Livingston</u>		<u>President/CEO</u>	
	(Name)	(Title)	
<u>3805 North Black Canyon Highway</u>	<u>Phoenix</u>	<u>AZ</u>	<u>85015-5351</u>
(Street)	(City)	(State)	(Zip)
<u>(602) 240-6860</u>	<u>(602) 240-6878</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>President@azwater.com</u>			
On Site Manager: <u>See "Attachment A"</u>			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			



ARIZONA WATER COMPANY

DIVISION OFFICES

Attachment A

DIVISION ADDRESS	SYSTEM	ON-SITE MANAGER PHONE & FAX E-MAIL ADDRESS
2380 W. Southern Ave. PO Box 400 (85217) Apache Junction, AZ 85220	Apache Junction	Judd Williams (480)982-2201 (480)983-6390 ApacheJunction@AZWater.Com
1345 Naco Highway, Suite A PO Box AW Bisbee, AZ 85603	Bisbee	Joe Mauzy (520)432-5321 (520)458-5660 Bisbee@AZWater.Com
77 Calle Portal B-120 PO Box 2020 Sierra Vista, AZ 85635	Sierra Vista	Joe Mauzy (520)458-5660 (520)459-2533 SierraVista@AZWater.Com
220 E. 2 nd . St. Casa Grande, AZ 85222 PO Box 11030 Casa Grande, AZ 85230-1030	Casa Grande (Ajo, Stanfield, Tierra Grande, and White Tank)	Jerry Dixel (520)836-8785 (520)836-2850 CasaGrande@AZWater.Com
448 W. Central Ave. PO Box 1568 Coolidge, AZ 85228	Coolidge	Jerry Dixel (520)723-5346 (520)723-3081 Coolidge@AZWater.Com
1669 N. White Mountain Blvd. PO Box 246 Lakeside, AZ 85929	Lakeside	Ted Millspaugh (520)368-6993 (520)535-4469 Lakeside@AZWater.Com
2047 Highway 277 PO Box 117 Overgaard, AZ 85933	Overgaard	Ted Millspaugh (520)535-4469 (520)535-4591 Overgaard@AZWater.Com
422 Sullivan St. PO Box A Miami, AZ 85539	Miami	Mark E. Kieren (520)473-4433 (520)473-2271 Miami@AZWater.Com
20 N. Magma Ave. PO Box R Superior, AZ 85273	Superior	Mark E. Kieren (520)689-2312 (520)689-2615 Superior@AZWater.Com
460 Avenue A PO Box 120 San Manuel, AZ 85631	San Manuel Oracle Winkelman	Charles H. Allen III (520)385-2226 (520)385-2226 SanManuel@AZWater.Com
65 Coffee Pot Dr. Ste. 7 Sedona, AZ 86336	Sedona Pinewood Rimrock	Raymond Miller (520)282-5555 (520)282-6131 Sedona@AZWater.Com

Statutory Agent: Robert W. Geake			
(Name)			
3805 North Black Canyon Highway	Phoenix	AZ	85015-5351
(Street)	(City)	(State)	(Zip)
(602) 240-6860	(602) 240-6878		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: Robert W. Geake			
(Name)			
3805 North Black Canyon Highway	Phoenix	AZ	85015-5351
(Street)	(City)	(State)	(Zip)
(602) 240-6860	(602) 240-6878		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|--|--|
| <input type="checkbox"/> APACHE | <input checked="" type="checkbox"/> COCHISE | <input checked="" type="checkbox"/> COCONINO |
| <input checked="" type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input checked="" type="checkbox"/> NAVAJO | <input checked="" type="checkbox"/> PIMA | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD) *	O.C.L.D. (OC LESS AD)
301	Intangible-Organization	651		
302	Intangible-Franchises	16,610		
303	Intangible-Miscellaneous	660,433		
310.10	Source of Supply-Water Rights	901,641		
310.30	Source of Supply-Land-Other-Wells	443,021		
314	Source of Supply-Wells	12,951,520		
320	Pumping-Land	79,790		
321	Pumping-Structures and Improvements	519,907		
325	Pumping-Electrical Equipment	13,140,655		
328	Pumping-Gas Engine Equipment	199,806		
330	Water Treatment-Land	550		
331	Water Treatment-Structures and Improvements	278,650		
332	Water Treatment-Equipment	1,208,105		
340	Transmission and Distribution-Land	510,923		
342	Transmission and Distribution-Storage Tanks	10,439,917		
343	Transmission and Distribution-Mains	90,557,644		
344	Transmission and Distribution-Fire Sprinklers	1,624,280		
345	Transmission and Distribution-Services	24,637,532		
346	Transmission and Distribution-Meters	4,422,412		
348	Transmission and Distribution-Hydrants	7,096,909		
389	General-Land	63,325		
390	General-Structures and Improvements	1,452,724		
391	General-Office Furniture and Equipment	4,033,874		
393	General-Stores Equipment	38,003		
394	General-Tools, Shop and Garage Equipment	811,788		
395	General-Laboratory Equipment	31,957		
396	General-Power Operated Equipment	173,205		
397	General-Communication Equipment	2,281,628		
398	General-Miscellaneous Equipment	190,507		
	Totals	178,767,967	42,736,925	136,031,042
	LEASEHOLD IMPROVEMENTS			
390	General-Structures and Improvements	1,062,609	626,173	436,436
	TOTALS	179,830,576	43,363,098	136,467,478

* Depreciation is calculated using a composite depreciation rate and leasehold improvements are amortized on a straight line basis over the life of the lease.

The Commission's 2001 report format does not match the NARUC Class A Water Utility Uniform System of Accounts that the Company has adopted. Therefore, in some cases the Company's reports will differ from the Commission's 2001 format.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2) *	Depreciation Expense (1 x 2)
301	Intangible-Organization	651		
302	Intangible-Franchises	16,610		
303	Intangible-Miscellaneous	660,433		
310.10	Source of Supply-Water Rights	901,641		
310.30	Source of Supply-Land-Other-Wells	443,021		
314	Source of Supply-Wells	12,951,520		
320	Pumping-Land	79,790		
321	Pumping-Structures and Improvements	519,907		
325	Pumping-Electrical Equipment	13,140,655		
328	Pumping-Gas Engine Equipment	199,806		
330	Water Treatment-Land	550		
331	Water Treatment-Structures and Improvements	278,650		
332	Water Treatment-Equipment	1,208,105		
340	Transmission and Distribution-Land	510,923		
342	Transmission and Distribution-Storage Tanks	10,439,917		
343	Transmission and Distribution-Mains	90,557,644		
344	Transmission and Distribution-Fire Sprinklers	1,624,280		
345	Transmission and Distribution-Services	24,637,532		
346	Transmission and Distribution-Meters	4,422,412		
348	Transmission and Distribution-Hydrants	7,096,909		
389	General-Land	63,325		
390	General-Structures and Improvements	1,452,724		
391	General-Office Furniture and Equipment	4,033,874		
393	General-Stores Equipment	38,003		
394	General-Tools, Shop and Garage Equipment	811,788		
395	General-Laboratory Equipment	31,957		
396	General-Power Operated Equipment	173,205		
397	General-Communication Equipment	2,281,628		
398	General-Miscellaneous Equipment	190,507		
	Totals	178,767,967	2.59%	3,773,023
	LEASEHOLD IMPROVEMENTS			
390	General-Structures and Improvements	1,062,609	straight-line	81,929
	TOTALS	179,830,576		3,854,952

* Depreciation is calculated using a composite depreciation rate and leasehold improvements are amortized on a straight line basis over the life of the lease.

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BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$434,647	\$359,065
134	Other Special Deposits	1,950	1,950
135	Working Funds	30,400	30,550
142	Customer Accounts Receivable	761,206	792,983
143	Other Accounts Receivable	(1,220)	91,660
144	Accumulated Provision for Uncollectible Accounts	(15,859)	(17,768)
154	Plant Materials and Supplies	235,685	207,410
163	Stores Expense	14,752	16,648
166	Prepayments	447,194	233,009
173	Accrued Utility Revenues	1,565,622	1,509,370
	TOTAL CURRENT AND ACCRUED ASSETS	\$3,474,377	\$3,224,877
	DEFERRED DEBITS		
181	Unamortized Debt Discount and Expense	\$23,067	\$43,800
184	Clearing Accounts	16	4
185	Temporary Facilities	(11,557)	(14,662)
186	Miscellaneous Deferred Debits	4,374,670	4,594,481
	TOTAL DEFERRED DEBITS	\$4,386,196	\$4,623,623
	FIXED ASSETS		
101	Utility Plant in Service	\$161,365,625	\$179,830,576
107	Construction Work in Process	6,339,486	2,141,770
108	Accumulated Depreciation - Utility Plant	(39,806,593)	(43,363,098)
114	Utility Plant Acquisition Adjustment	(832,483)	(832,483)
115	Accum. Amort. of Utility Plant Acq. Adj.	832,483	832,483
121	Non-Utility Property	1,161	1,161
122	Accumulated Depreciation - Non Utility	0	0
	TOTAL FIXED ASSETS	\$127,899,679	\$138,610,409
	TOTAL ASSETS	\$135,760,252	\$146,458,909

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

The Commission's 2001 report format does not match the NARUC Class A Water Utility Uniform System of Accounts that the Company has adopted. Therefore, in some cases the Company's reports will differ from the Commission's 2001 format.

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Notes Payable (Current Portion)	\$13,861,858	\$3,250,677
232	Accounts Payable	2,260,424	2,562,406
235	Customer Deposits	345,581	361,744
236	Accrued Taxes	654,791	1,370,609
237	Accrued Interest	352,747	561,540
242	Miscellaneous Current and accrued Liabilities	325,373	349,876
	TOTAL CURRENT LIABILITIES	\$17,800,774	\$8,456,852
	LONG-TERM DEBT (Over 12 Months)		
221	Bonds	\$8,676,374	\$22,599,323
224	Other Long-Term Debt	4,303	677
	TOTAL LONG-TERM DEBT (Over 12 Months)	\$8,680,677	\$22,600,000
	DEFERRED CREDITS		
252	Advances in Aid of Construction	29,295,511	32,497,124
253	Other Deferred Credits	3,311,984	2,974,792
265	Miscellaneous Operating Reserves	369,951	279,551
271	Contributions in Aid of Construction	20,937,725	22,958,027
272	Less: Amortization of Contributions	(2,813,275)	(3,368,896)
281	Accumulated Deferred Investment Tax Credits	828,238	792,007
281	Accumulated Deferred Income Tax	9,411,518	9,826,714
	TOTAL DEFERRED CREDITS	\$61,341,652	\$65,959,319
	TOTAL LIABILITIES	\$87,823,103	\$97,016,171
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$2,700,000	\$2,700,000
211	Miscellaneous Paid-In Capital	2,654,647	2,654,647
216	Retained Earnings	42,582,502	44,088,091
	TOTAL CAPITAL	\$47,937,149	\$49,442,738
	TOTAL LIABILITIES AND CAPITAL	\$135,760,252	\$146,458,909

The Commission's 2001 report format does not match the NARUC Class A Water Utility Uniform System of Accounts that the Company has adopted. Therefore, in some cases the Company's reports will differ from the Commission's 2001 format.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.		PRIOR YEAR	CURRENT YEAR
	OPERATING REVENUES		
461	Metered Water Revenue	\$30,574,366	\$31,194,321
462	Fire Protection Revenue	23,734	26,372
471	Miscellaneous Service Revenues	1,464,967	1,344,552
472	Rents from Water Property	0	3,490
474	Other Water Revenues	348,279	382,898
	TOTAL OPERATING REVENUES	\$32,411,346	\$32,951,633
	OPERATION AND MAINTENANCE EXPENSES		
600	Source of Supply Operation-Supervision and Engineering	\$42,328	\$37,825
601	Source of Supply Operation-Labor and Expenses	0	0
602	Source of Supply Operation-Purchased Water	1,157,375	1,296,382
603	Source of Supply Operation-Miscellaneous	50,588	56,239
610	Source of Supply Maintenance-Supervision and Engineering	29,259	26,071
614	Source of Supply Maintenance-Wells and Springs	2,903	729
620	Pumping Operation-Supervision and Engineering	61,102	56,195
623	Pumping Operation-Purchased Power	2,883,858	2,926,762
624	Pumping Operation-Labor and Expenses	398,426	451,199
630	Pumping Maintenance-Supervision and Engineering	30,659	28,488
631	Pumping Maintenance-Structures and Improvements	72,468	78,317
633	Pumping Maintenance-Equipment	258,486	273,131
640	Water Treatment Operation-Supervision and Engineering	24,727	22,867
641	Water Treatment Operation-Chemicals	265,762	270,256
642	Water Treatment Operation-Labor and Expenses	311,500	299,249
650	Water Treatment Maintenance-Supervision and Engineering	33,822	32,703
651	Water Treatment Maintenance-Structures and Improvements	172	142
652	Water Treatment Maintenance-Equipment	118,128	153,681
660	Trans. and Distrib. Operation-Supervision and Engineering	94,521	84,842
661	Trans. and Distrib. Operation-Storage Facilities	20,692	15,829
662	Trans. and Distrib. Operation-Lines Expenses	389,999	444,354
663	Trans. and Distrib. Operation-Meters	652,395	746,573
664	Trans. and Distrib. Operation-Customer Installations	62,667	69,984
665	Trans. and Distrib. Operation-Miscellaneous	78,123	82,404
666	Trans. and Distrib. Operation-Rents	13,140	11,501
670	Trans. and Distrib. Maintenance-Supervision and Engineering	168,644	170,858
672	Trans. and Distrib. Maintenance-Tanks	224,228	224,228
673	Trans. and Distrib. Maintenance-Mains	448,885	527,063
675	Trans. and Distrib. Maintenance-Services	587,504	570,926
676	Trans. and Distrib. Maintenance-Meters	176,599	227,643
677	Trans. and Distrib. Maintenance-Hydrants	61,888	83,106

The Commission's 2001 report format does not match the NARUC Class A Water Utility Uniform System of Accounts that the Company has adopted. Therefore, in some cases the Company's reports will differ from the Commission's 2001 format.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE (CONTINUED)

Acct. No.	OPERATION AND MAINTENANCE EXPENSES (CONTINUED)	PRIOR YEAR	CURRENT YEAR
901	Customer Accounts Operation-Supervision	\$145,208	\$133,770
902	Customer Accounts Operation-Meter Reading	370,298	430,281
903	Customer Accounts Operation-Customer Records and Collection	1,842,058	1,990,298
904	Customer Accounts Operation-Uncollectible Accounts	71,291	74,294
905	Customer Accounts Operation-Miscellaneous	260,357	281,711
907	Customer Service and Information Operation	20,446	16,881
910	Sales Promotion Operation	452	1,227
920	Administrative and General Operation-Salaries	815,089	850,815
921	Administrative and General Operation-Office Supplies and Other	94,767	105,415
923	Administrative and General Operation-Outside Services Employed	245,713	362,262
924	Administrative and General Operation-Property Insurance	9,804	10,656
925	Administrative and General Operation-Injuries and Damages	106,332	169,105
926	Administrative and General Operation-Employee Pensions and Benefits	1,315,292	1,512,685
928	Administrative and General Operation-Regulatory Commission	59,304	64,143
930	Administrative and General Operation-Miscellaneous	57,916	57,254
931	Administrative and General Operation-Rents	104,408	103,713
932	Administrative and General Maintenance	167,077	172,422
403	Depreciation Expense	3,427,944	3,773,023
404	Amortization Leasehold Improvements and Limited Term Utility Plant	76,426	81,929
408.10	Taxes Other than Income Taxes	4,757,748	4,922,200
409.10	Income Taxes	2,682,630	2,532,193
	TOTAL OPERATION AND MAINTENANCE EXPENSES	\$25,351,408	\$26,915,824
	OTHER INCOME/EXPENSE		
416	Cost and Expenses of Merchandising, Jobbing and Contract Work	(\$27,572)	(\$30,384)
420	Allowance for Funds Used During Construction	153,764	336,662
421	Miscellaneous Nonoperating Income	(216,293)	(86,229)
427	Interest on Long Term-Term Debt	862,157	1,651,552
428	Amortization of Debt Discount and Expense	2,676	4,617
430	Interest on Debt to Associated Companies	352,121	125,732
431	Other Interest Expense	443,318	185,980
432	Allowance for Funds Used During Construction	(315,398)	(535,910)
	TOTAL OTHER INCOME/EXPENSE	\$1,254,773	\$1,652,020
	NET INCOME	\$5,805,165	\$4,383,789

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COMPANY NAME

Arizona Water Company

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	08/01/1986	04/12/1990	04/12/2001	
Source of Loan	General Mortgage Bonds	General Mortgage Bonds	General Mortgage Bonds	
ACC Decision No.	55144	56839	63418	
Reason for Loan	Debt, Retirement, and Additional Construction			
Dollar Amount Issued	\$ 4,000,000	\$ 6,000,000	\$ 15,000,000	\$
Amount Outstanding	\$ 2,000,000	\$ 6,000,000	\$ 15,000,000	\$
Date of Maturity	08/01/2006	03/01/2015	04/01/2031	
Interest Rate	9.25%	9.13%	8.04%	
Current Year Interest	\$ 206,583	\$ 547,800	\$ 867,650	\$
Current Year Principle	\$ 400,000	\$ -0-	\$ -0-	\$

Meter Deposit Balance at Test Year End

\$ 361,744

Meter Deposits Refunded During the Test Year

\$ 374,229

COMPANY NAME	Arizona Water Company
---------------------	-----------------------

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
Will be furnished for Systems upon Commission request.				

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = _____

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
		4,002	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity

STATISTICAL INFORMATION

Total number of customers	63,000	
Total number of gallons sold	9,119,185,000	gallons

COMPANY NAME Arizona Water Company YEAR ENDING 12/31/2001

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>5,416,571</u>	*
Estimated or Actual Federal Tax Liability	<u>1,841,634</u>	*
State Taxable Income Reported	<u>5,822,266</u>	*
Estimated or Actual State Tax Liability	<u>405,695</u>	*

Amount of Grossed-Up Contributions/Advances:

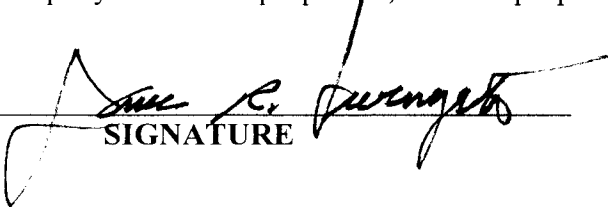
Amount of Contributions/Advances	<u>-0-</u>
Amount of Gross-Up Tax Collected	<u>-0-</u>
Total Grossed-Up Contributions/Advances	<u>-0-</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

* Estimated returns are filed on or about September 15.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4/15/02
DATE

James R. Livingston
PRINTED NAME

President
TITLE

COMPANY NAME Arizona Water Company YEAR ENDING 12/31/2001

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

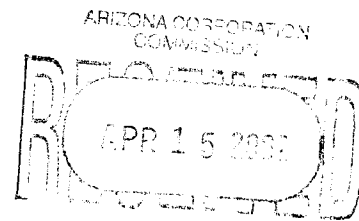
\$ 2,072,090

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

*SEE ANNUAL report
file for property tax
information!*

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**



VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Maricopa
NAME (OWNER OR OFFICIAL) TITLE James R. Livingston, President
COMPANY NAME Arizona Water Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

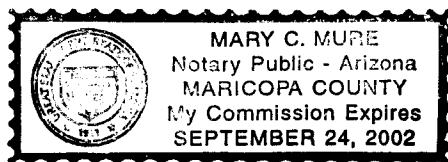
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:



Arizona IntraState Gross Operating Revenues Only (\$)

\$ 32,951,633

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 2,460,879
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

James R. Livingston, President
SIGNATURE OF OWNER OR OFFICIAL
(602) 240-6860
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15th

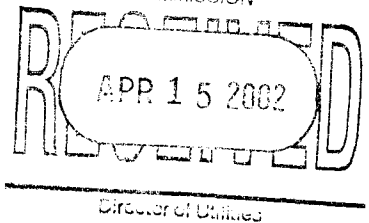
DAY OF

COUNTY NAME Maricopa	
MONTH April	YEAR 2002

(SEAL)

MY COMMISSION EXPIRES 9-24-02

Mary C. Mure
SIGNATURE OF NOTARY PUBLIC



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Maricopa	
NAME (OWNER OR OFFICIAL) James R. Livingston	TITLE President
COMPANY NAME Arizona Water Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 24,077,988

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1,798,192
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X *James R. Livingston, President*
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

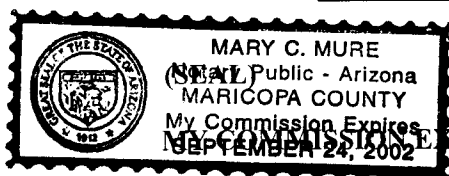
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15th

DAY OF

NOTARY PUBLIC NAME Mary C Mure	
COUNTY NAME Maricopa	
MONTH April	20 02



MARY C. MURE
(Notary Public - Arizona)
MARICOPA COUNTY
My Commission Expires
SEPTEMBER 24, 2002

EXPIRES 9-24-02

X *Mary C Mure*
SIGNATURE OF NOTARY PUBLIC